



STATE OF IOWA

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DEPARTMENT OF HUMAN SERVICES
CHARLES M. PALMER, DIRECTOR

INFORMATIONAL LETTER NO. 1006

DATE: May 9, 2011

TO: Iowa Medicaid Remedial Services Providers

ISSUED BY: Iowa Department of Human Services, Iowa Medicaid Enterprise (IME)

RE: Cost Report and Payment Issues during Transition of Remedial Services to Magellan Behavioral Care of Iowa

EFFECTIVE: July 1, 2011

As a reminder, Magellan Behavioral Care of Iowa will begin managing remedial services beginning July 1, 2011. The new name for these services is Behavioral Health Intervention Services (BHIS). This Informational Letter is intended to address several cost report and payment questions that have arisen as a result of this transition.

Annual Cost Reports

Cost reports will be required in order to cost settle all remedial services provided through June 30, 2011. Providers must submit final cost reports within three months following their fiscal year-end as usual unless the entire business is closing (not just the remedial services program).

For example, if a business is continuing operations, providers with a June 30, 2011, year end will submit cost reports by September 30, 2011, and providers with a December 31, 2011, year-end will submit cost reports by March 31, 2012. If the business is closing, the provider is required to submit the final cost report within three months of closure.

Proper reporting of expenses must ensure that expenses incurred after June 30, 2011, are reported as Other Program Expense and not as Remedial Service Expense on the cost report. Going forward all costs related to the provision of Behavioral Health Intervention Services will be reported as Other Program Expense.

Magellan's July 1, 2011, BHIS Rate Calculation

Effective July 1, 2011, the majority of services will be paid by the Iowa Plan. For at least the first year, Magellan intends to use rates equal to the Medicaid provider specific rates present in the Medicaid Management Information System (MMIS) for remedial services on February 28, 2011, subject to the remedial services rate maximums for 2011. No changes will be made to the rates used by Magellan for cost report reviews completed after February 2011. Any new providers enrolling with Magellan that did not have remedial services rates with Medicaid will be paid Magellan's standard rate.

Magellan is considering a different calculation for rates effective July 1, 2012, to arrive at uniform rates for all Magellan BHIS providers. This will be determined at a later date.

Ongoing IME Payment

Any BHIS services that might need to be billed to the IME instead of Magellan will be paid at the Iowa Plan provider service rates developed by Magellan for that specific provider.

Should you have any questions regarding these issues, please contact the IME Provider Cost Audit and Rate Setting Unit at 866-863-8610, locally 515-256-4610 or by e-mail at costaudit@dhs.state.ia.us.